

International Aviation Outlook

Presentation for the FAA Forecast Conference
March 31, 2009

John R. Byerly
Deputy Assistant Secretary for Transportation Affairs
U.S. Department of State

Overview

U.S. international aviation policy

Open Skies

Second stage U.S.-EU negotiations

Challenges ahead

U.S. Aviation Policy Today

The U.S. is ready ...

- ... to negotiate an Open Skies agreement with any willing partner
- ... to discuss other approaches to liberalization on a case-by-case basis

U.S. Policy Today – Page 2

Transitions to Open Skies

Cargo first/cargo only?

Bilateral tradition... but open to
multilateralism

Case-by-case incremental liberalization

What is an Open Skies Agreement?

Unlimited designations and frequencies

Open routes

Market-based pricing

Extensive doing business protections

Robust safety and security articles

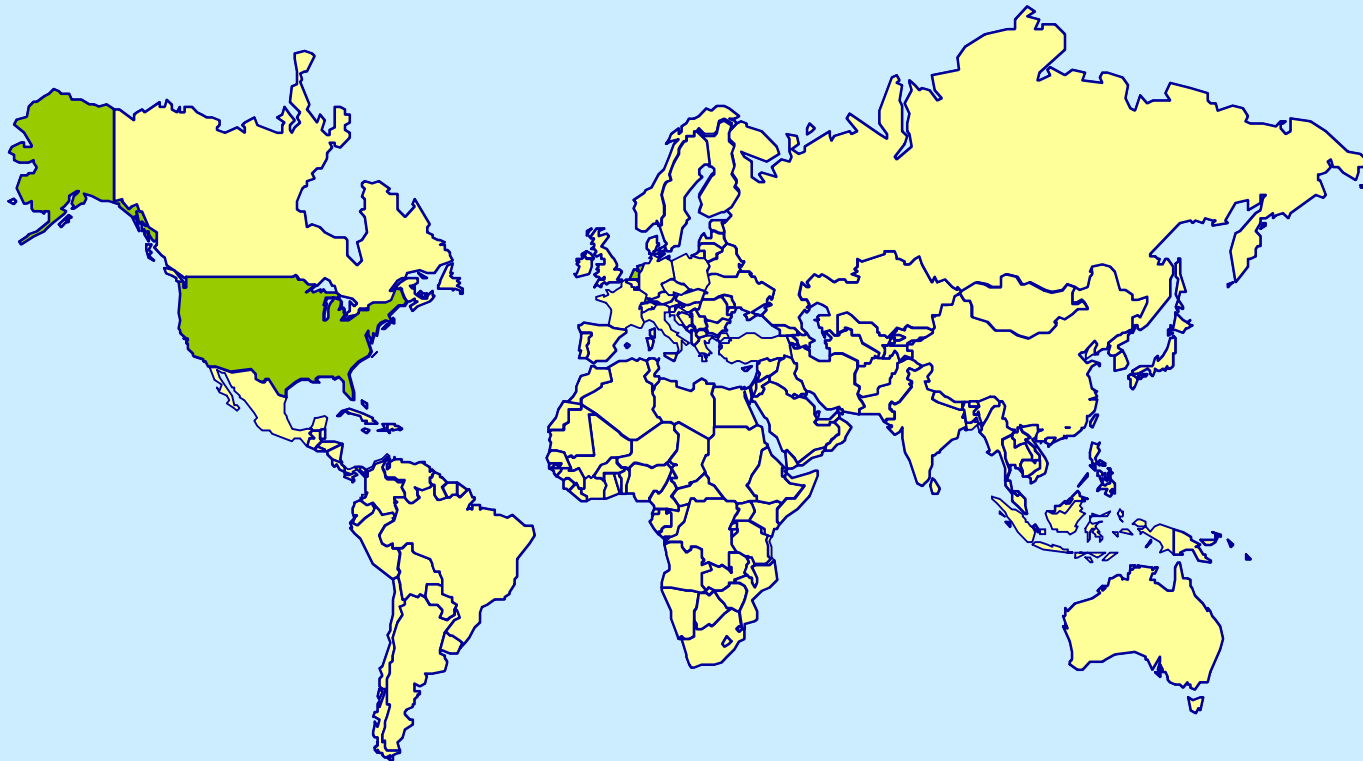
Achievements to Date

Over 90 Open Skies partners

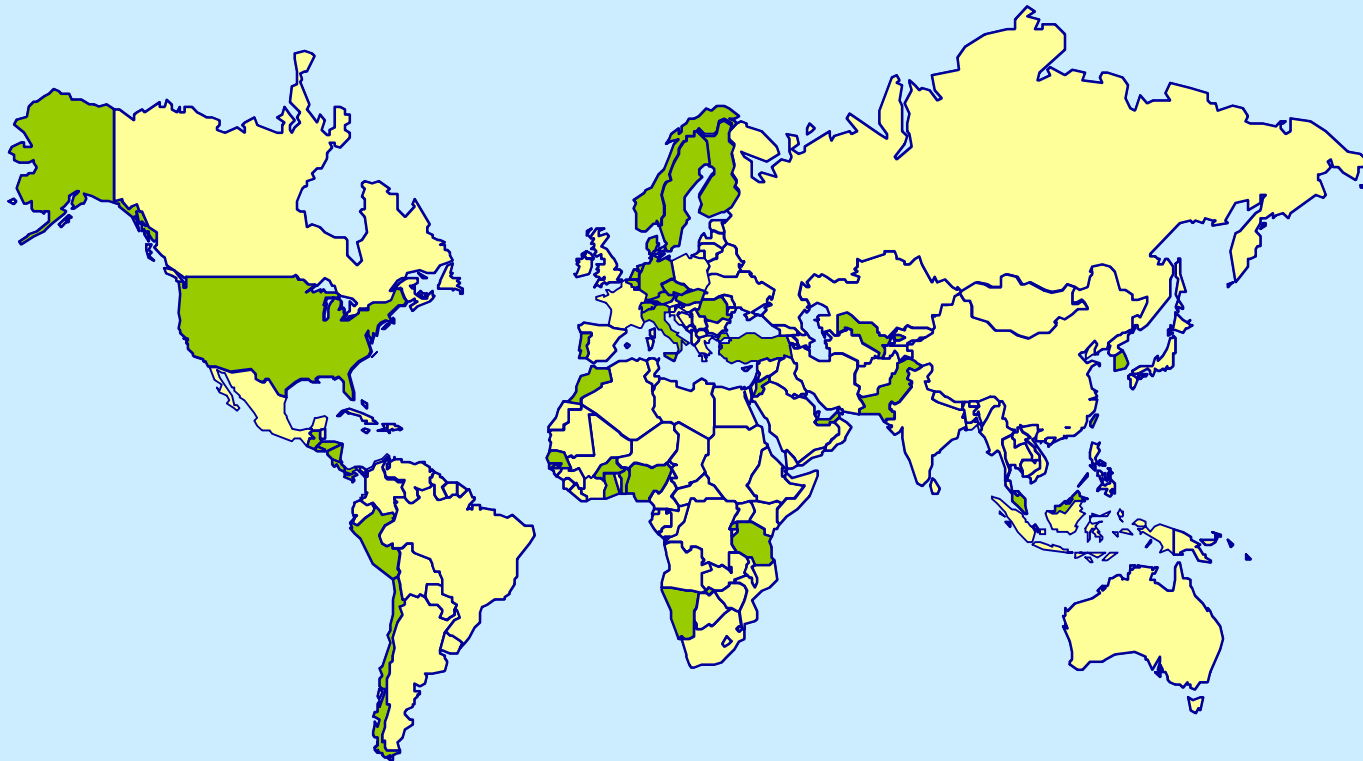
U.S.-EU Air Transport Agreement

Liberalization short of full Open Skies
(China, Japan, Russia, Brazil, Argentina,
Mexico)

Open Skies January 1, 1993



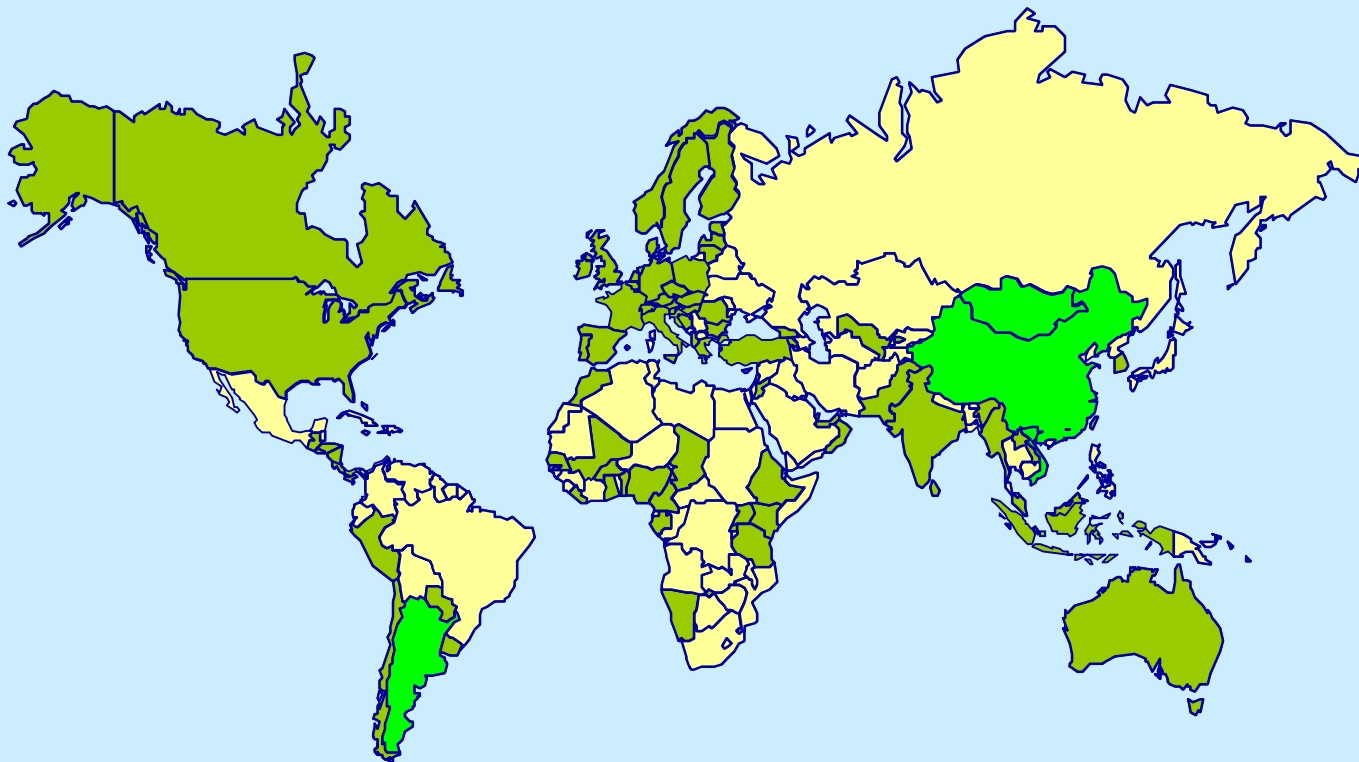
Open Skies January 1, 2001



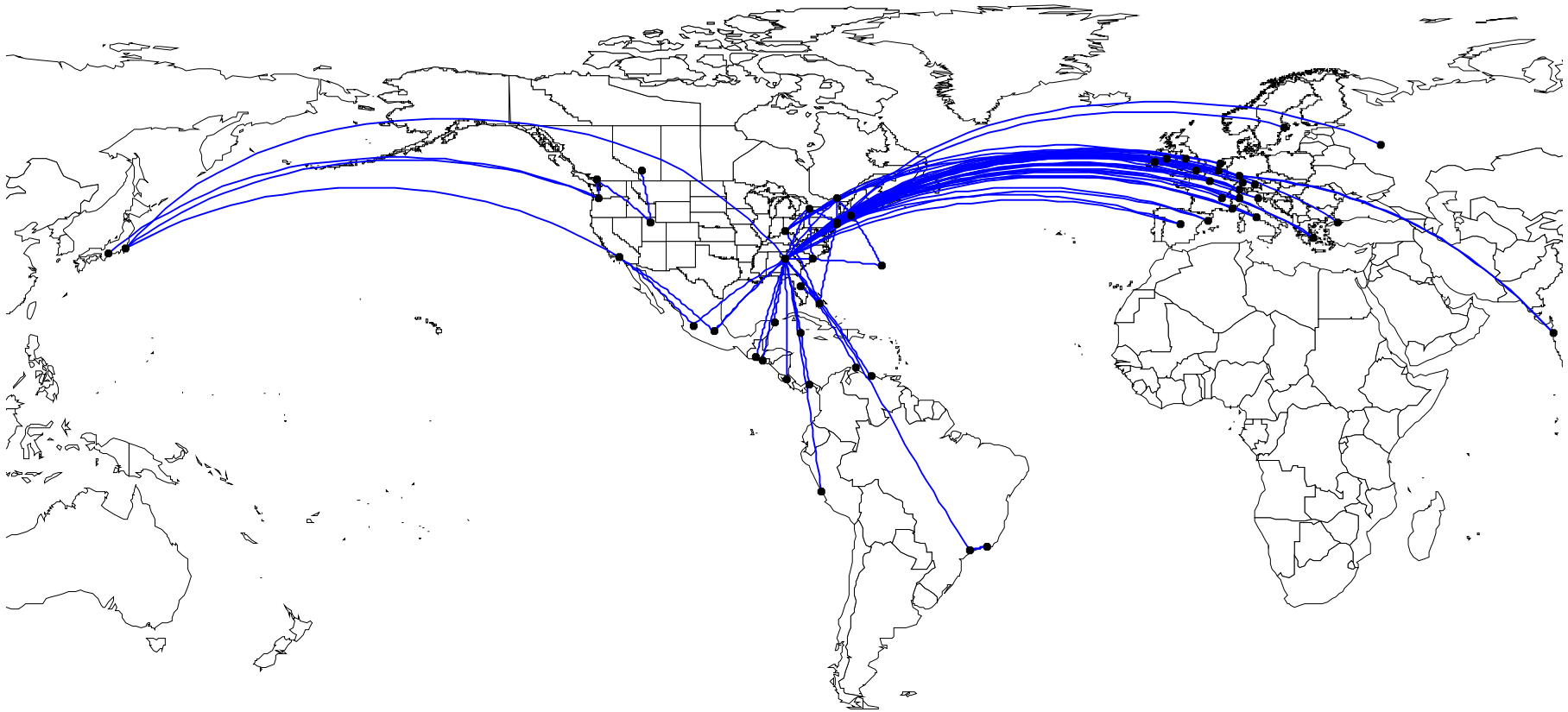
Open Skies Today



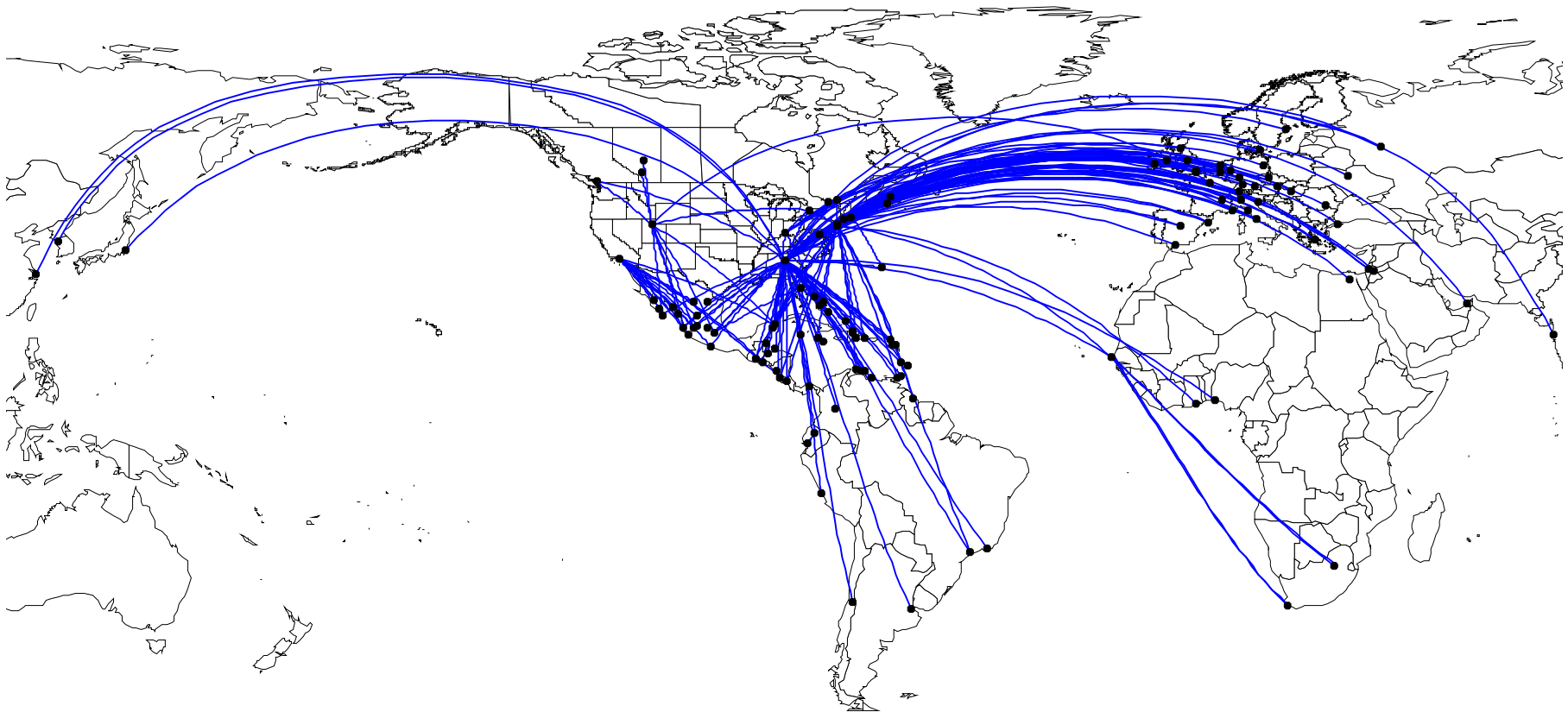
... and Major Liberalization



Delta's International Network – July 2000



Delta's International Network – July 2008



U.S.-EU Agreement

Full Open Skies, plus ...

EU carrier concept

Fly America exceptions

Enhanced cooperation – Joint Committee

Second-stage negotiations

Second Stage Negotiations

U.S.

Cargo 7ths

Night flights

Discussion of
investment

EU

Cabotage

Ownership/control

Regulatory
harmonization

Challenges Ahead

Opening restricted markets

Multilateral/bilateral

Environment – noise, emissions

Cross-border investment, mergers

Multilateral Convention on Foreign Investment in Airlines

Problematic “nationality clause”

Waiver of “ownership - control” requirement *as to foreign airlines*

Reciprocity required

No obligation to allow foreign ownership/control of U.S. airlines

Anti-Trust Immunity

Alternative to transnational mergers

Cornerstone of existing alliances

Key consideration in major markets

Legislative review underway

Avoiding Regulatory Conflict

Competition policy

Security

Consumer protection

Environment

Thank you!

John R. Byerly
byerlyjr@state.gov
202-647-4045